

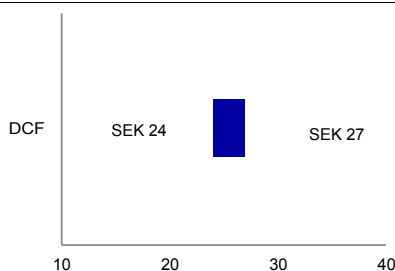
## KEY DATA

Stock country	Sweden
Bloomberg	CANTA SS
Reuters	CANTA.ST
Share price (close)	SEK 23.55
Free Float	80%
Market cap. (bn)	EUR 0.21/SEK 2.14
Website	http://cantargia.com/
Next report date	12 Nov 2020

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2020E	2021E	2022E
Sales	-100%	1,169,900%	-17%
EBIT (adj)	-132%	704%	-22%

Source: Nordea estimates

## Nordea Markets - Analysts

Klas Pyk  
Analyst

## CANFOUR progressing according to plan

Cantargia's clinical programme is progressing in line with the company's previous communication. The plan to present the CANFOUR results by end-2020 and early 2021 remains in place. Cost development has remained healthy, and even though spending in the coming quarters is contingent on the upcoming clinical results, we argue that the company is well financed until at least 2022. In our view, the upcoming readout from CANFOUR is the next key valuation trigger for the share.

## Good cost control in quarter

Cantargia reported an operating loss of SEK 37.7m for Q2 2020, down from SEK 25.1m last year. This greater loss was due to increased R&D activity and investment in production development. We had pencilled in an operating loss of SEK 48.9m for the quarter but acknowledge the timing uncertainty in spending. By end-Q2, Cantargia reported a cash balance and short-term investments of SEK 458m, which should finance operations until at least 2022, in our view.

## Further data from canakinumab expected this year

The COVID-19 pandemic has not caused any further delays for Cantargia's clinical programme. The company believes that recruitment of pancreatic cancer patients and lung cancer patients for CANFOUR will be completed in Q3 2020 and Q4 2020, with read-outs by end-2020 and early 2021. In our view, the CANFOUR results represent the next main valuation trigger for the share. Prior to this, however, Novartis will likely publish clinical data for canakinumab (targeting IL-1 $\beta$ , whereas CAN04 targets both IL-1 $\beta$  and IL-1 $\alpha$ ), which will provide further insight into the potential in targeting the IL-1 system for cancer treatment.

## Main valuation trigger in Q4 2020 and Q1 2021

The underlying uncertainty in estimates remains high, as they are contingent on the upcoming clinical data. Provided that the clinical programme is successful, however, we stick to our base case that Cantargia will enter a partnership agreement to bring CAN04 through ph III and commercialisation. We make no major underlying changes to estimates following the report but pencil in that the partnership agreement will be entered into in 2021 (previously 2020).

## SUMMARY TABLE - KEY FIGURES

SEKm	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	0	0	0	0	0	1,170	253
EBITDA (adj)	-45	-60	-93	-112	-191	965	185
EBIT (adj)	-45	-60	-93	-112	-191	965	185
EBIT (adj) margin	n.m.	n.m.	n.m.	n.m.	n.m.	82.5%	73.1%
EPS (adj, SEK)	-2.14	-1.28	-1.38	-1.52	-2.08	10.66	2.25
EPS (adj) growth	-67.4%	39.9%	-7.3%	-10.5%	-36.4%	613.7%	-78.9%
DPS (ord, SEK)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	n.a.	n.m.	n.m.	n.m.	n.m.	0.7	2.4
EV/EBIT (adj)	n.a.	n.m.	n.m.	n.m.	n.m.	0.8	3.3
P/E (adj)	n.a.	n.m.	n.m.	n.m.	n.m.	2.2	10.5
P/BV	n.a.	1.2	6.1	10.3	5.9	1.6	1.4
Dividend yield (ord)	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease	n.a.	-13.7%	-11.1%	-7.6%	-9.5%	45.5%	9.4%
Net debt	-35	-270	-167	-150	-356	-1,331	-1,532
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	-1.4	-8.3
ROIC after tax	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.

Source: Company data and Nordea estimates

# Detailed estimates

## CANTARGIA: DETAILED ESTIMATES

	2019				2020				2018	2019	2020E	2021E	2022E
	Q1	Q2	Q3	Q4	Q1	Q2	Q3E	Q4E					
<b>Income (incl. milestones)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,170</b>	<b>253</b>
Research and development costs	-20.6	-20.8	-23.2	-32.8	-36.1	-33.7	-47.5	-57.7	-51.7	-97.5	-175.0	-190	-53
Administrative costs	-2.8	-4.3	-2.6	-3.4	-3.4	-4.1	-3.5	-3.0	-15.8	-13.1	-14.0	-15	-15
Other operating expenses	-0.2	-0.1	-0.4	-0.3	-0.4	0.1	-0.4	-0.9	-0.5	-1.0	-1.6	0	0
<b>EBIT</b>	<b>-23.7</b>	<b>-25.2</b>	<b>-26.3</b>	<b>-36.4</b>	<b>-39.9</b>	<b>-37.7</b>	<b>-51.4</b>	<b>-62</b>	<b>-93.3</b>	<b>-111.6</b>	<b>-190.5</b>	<b>965</b>	<b>185</b>
Net financials	0.1	0.2	0.3	0.2	0.0	0.6	0.6	0.4	2.1	0.8	1.6	5	20
<b>Net income</b>	<b>-23.5</b>	<b>-25.0</b>	<b>-26.0</b>	<b>-36.3</b>	<b>-40.0</b>	<b>-37.1</b>	<b>-50.8</b>	<b>-61.1</b>	<b>-91.2</b>	<b>-110.8</b>	<b>-188.9</b>	<b>970</b>	<b>205</b>

Source: Company data and Nordea estimates

# Reported numbers and forecasts

## INCOME STATEMENT

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>Total revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,170</b>	<b>253</b>
Revenue growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	-78.4%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	0	0	0	-17	-45	-60	-93	-112	-191	965	185
Depreciation and impairments PPE	0	0	0	0	0	0	0	0	0	0	0
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	0	0	0	-17	-45	-60	-93	-112	-191	965	185
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	0	0	0	-17	-45	-60	-93	-112	-191	965	185
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	0	0	0	0	2	1	2	5	20
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-17</b>	<b>-45</b>	<b>-60</b>	<b>-91</b>	<b>-111</b>	<b>-189</b>	<b>970</b>	<b>205</b>
Reported taxes	0	0	0	0	0	0	0	0	0	0	0
Net profit from continued operations	0	0	0	-17	-45	-60	-91	-111	-189	970	205
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	0	0	0	-17	-45	-60	-91	-111	-189	970	205
<b>EPS, SEK</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-1.28</b>	<b>-2.14</b>	<b>-1.28</b>	<b>-1.38</b>	<b>-1.52</b>	<b>-2.08</b>	<b>10.66</b>	<b>2.25</b>
DPS, SEK	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## Profit margin in percent

EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	82.5%	73.1%
EBITA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	82.5%	73.1%
EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	82.5%	73.1%

## Adjusted earnings

EBITDA (adj)	0	0	0	-17	-45	-60	-93	-112	-191	965	185
EBITA (adj)	0	0	0	-17	-45	-60	-93	-112	-191	965	185
EBIT (adj)	0	0	0	-17	-45	-60	-93	-112	-191	965	185
EPS (adj, SEK)	n.a.	n.a.	n.a.	-1.28	-2.14	-1.28	-1.38	-1.52	-2.08	10.66	2.25

## Adjusted profit margins in percent

EBITDA (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	82.5%	73.1%
EBITA (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	82.5%	73.1%
EBIT (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	82.5%	73.1%

## Performance metrics

CAGR last 5 years											
Net revenue	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years											
Average EBIT margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	43.6%	53.0%
Average EBITDA margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	43.6%	53.0%

## VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	2.2	10.5
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	0.8	3.3
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	0.8	3.3
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	0.8	3.3

## VALUATION RATIOS - REPORTED EARNINGS

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	2.2	10.5
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	0.69	2.42
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	0.8	3.3
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	0.8	3.3
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	0.8	3.3
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	-13.7%	-11.1%	-8.1%	-9.5%	45.5%	9.4%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	-13.7%	-11.1%	-7.6%	-9.5%	45.5%	9.4%
Payout ratio	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and Nordea estimates

**BALANCE SHEET**

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	1	2	2	0	0	0	0	0	7	7	7
of which R&D	1	2	2	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	0	0	0	0	0	7	7	7
of which goodwill	0	0	0	0	0	0	0	0	0	0	0
Tangible assets	0	0	0	0	0	0	0	7	7	7	7
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
Shares associates	0	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0	0	0	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	2	3	3	3	0	0	0	0
Total non-current assets	1	2	3	2	3	3	3	7	14	14	14
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	0	0	0	0	0	1	12	18	10
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	1	1	1	2	2	2	8	12	18	13
Cash and bank	3	1	17	25	35	270	167	150	356	1,331	1,532
Total current assets	3	2	17	25	37	271	168	159	380	1,366	1,554
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total assets</b>	<b>4</b>	<b>4</b>	<b>20</b>	<b>27</b>	<b>40</b>	<b>274</b>	<b>171</b>	<b>166</b>	<b>394</b>	<b>1,380</b>	<b>1,568</b>
Shareholders equity	3	3	4	24	30	246	155	142	363	1,333	1,538
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	3	3	4	24	30	246	155	142	363	1,333	1,538
Deferred tax	0	0	0	0	0	0	0	0	0	0	0
Long term interest bearing debt	0	0	0	0	0	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
Non-current lease debt	0	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	0	0	0	0	0	0	0	0	0
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	1	1	2	7	21	9	13	13	23	15
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	15	1	2	8	7	11	18	23	15
Short term interest bearing debt	0	0	0	0	0	0	0	0	0	0	0
Total current liabilities	1	1	16	3	10	28	16	24	31	47	30
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>4</b>	<b>4</b>	<b>20</b>	<b>27</b>	<b>40</b>	<b>274</b>	<b>171</b>	<b>166</b>	<b>394</b>	<b>1,380</b>	<b>1,568</b>
<b>Balance sheet and debt metrics</b>											
Net debt	-3	-1	-17	-25	-35	-270	-167	-150	-356	-1,331	-1,532
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	0	0	-15	-2	-7	-27	-15	-14	-7	-12	-8
Invested capital	0	2	-13	-1	-5	-24	-12	-8	7	2	6
Capital employed	3	3	4	24	30	246	155	142	363	1,333	1,538
ROE	0.0%	0.0%	0.0%	n.m.	n.m.	-43.6%	-45.4%	-74.5%	-74.8%	n.m.	14.2%
ROIC	0.0%	0.0%	0.0%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
ROCE	0.0%	0.0%	0.0%	n.m.	n.m.	-43.4%	-45.4%	-74.5%	-74.6%	n.m.	14.2%
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-1.4	-8.3
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	81.5%	78.5%	20.4%	88.3%	75.6%	89.7%	90.4%	85.7%	92.1%	96.6%	98.1%
Net gearing	-86.2%	-47.8%	-406.6%	-103.1%	-116.0%	-109.6%	-107.6%	-105.4%	-98.1%	-99.8%	-99.6%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>EBITDA (adj) for associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-17</b>	<b>-45</b>	<b>-60</b>	<b>-93</b>	<b>-112</b>	<b>-191</b>	<b>965</b>	<b>185</b>
Paid taxes	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	0	0	0	0	0	1	2	5	20
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	0	0	-1	-1	0	0	3	0	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	0	-8	-8	1	-2	0	0	-3	0	0	0
<b>Funds from operations (FFO)</b>	<b>0</b>	<b>-8</b>	<b>-8</b>	<b>-17</b>	<b>-47</b>	<b>-60</b>	<b>-93</b>	<b>-111</b>	<b>-189</b>	<b>970</b>	<b>205</b>
Change in NWC	0	0	15	-13	5	19	-12	0	-7	5	-4
<b>Cash flow from operations (CFO)</b>	<b>0</b>	<b>-8</b>	<b>7</b>	<b>-30</b>	<b>-42</b>	<b>-41</b>	<b>-105</b>	<b>-111</b>	<b>-196</b>	<b>975</b>	<b>200</b>
Capital expenditure	0	0	0	0	0	0	0	0	-7	0	0
<b>Free cash flow before A&amp;D</b>	<b>0</b>	<b>-8</b>	<b>7</b>	<b>-30</b>	<b>-42</b>	<b>-41</b>	<b>-105</b>	<b>-111</b>	<b>-203</b>	<b>975</b>	<b>200</b>
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	-7	0	0	0
Free cash flow	0	-8	7	-30	-42	-41	-105	-118	-203	975	200
Free cash flow bef A&D, lease adj	0	-8	7	-30	-42	-41	-105	-111	-203	975	200
Dividends paid	0	0	0	0	0	0	0	0	0	0	0
Equity issues / buybacks	0	8	10	45	56	304	0	98	410	0	0
Net change in debt	0	0	0	0	0	0	0	-17	0	0	0
Other financing adjustments	0	0	0	0	0	0	30	0	0	0	0
Other non-cash adjustments	3	-1	-1	-7	-4	-28	-28	20	0	0	0
Change in cash	3	-1	15	8	10	235	-103	-17	206	975	200
<b>Cash flow metrics</b>											
Capex/D&A	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	0.0%	0.0%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	6	14	20	24	24	24
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	300	940	1,467	2,143	2,143	2,143
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	31	773	1,317	1,787	812	612
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	13.5	20.9	46.9	66.2	72.8	91.0	91.0	91.0

Source: Company data and Nordea estimates

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